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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 18, 2001

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS890021

COMMONWEALTH HEALTH ALLIANCE
GROUP INSURANCE TRUST,

Defendant

FINAL ORDER

WHEREAS, by Order of the Circuit Court of the City of Richmond dated March 17, 1989, the Commission was appointed Receiver for Commonwealth Health Alliance Group Insurance Trust (the "Trust") to rehabilitate or liquidate its insurance affairs and to take other appropriate steps as authorized by Chapter 15 of Title 38.2 of the Code of Virginia as the Commission deemed advisable in the best interest of the Trust, its members, beneficiaries, creditors and the public; and

WHEREAS, by Order entered herein March 17, 1989, the Commission, upon recommendation of the Bureau of Insurance, appointed C. William Waechter, Jr. as Special Deputy Receiver of the Trust and delegated to him all of its powers and authority to carry out the rehabilitation or liquidation of the Trust; and

WHEREAS, by Order entered herein February 16, 1990, the Commission established a date by which all claims of beneficiaries and creditors of the Trust in addition to the claims of

beneficiaries theretofore adjusted by the receivership were to be filed with the Special Deputy Receiver in order that the total liabilities of the Trust could be ascertained; and

WHEREAS, upon recommendation of the Special Deputy Receiver, the Commission by Order entered herein May 31, 1991, approved and authorized a distribution of the marshaled assets of the Trust in partial payment of the unpaid benefits due beneficiaries under benefit contracts issued by the Trust; and

WHEREAS, a Final Report of the Special Deputy Receiver dated April 24, 2001, and filed with the Commission on April 24, 2001, states that all of the assets of the Trust, including all premiums due on account of benefit contracts issued by the Trust, have been marshaled, that all causes of action which reasonably could be expected to benefit the beneficiaries and other creditors of the Trust have been pursued to conclusion, and that the Trust's liabilities to persons entitled to benefits under benefit contracts issued by the Trust and to other creditors have been ascertained; and

WHEREAS, the Final Report further states that the distribution of available assets of the Trust to beneficiaries of the Trust in respect of claims for benefits payable by the Trust has been accomplished in the manner authorized and directed by the Commission's Orders dated February 16, 1990, and May 31, 1991, and that, of the assets distributed, there remains the sum of \$36,862.43 which is due to beneficiaries who, after further effort to locate them, cannot be found and which the Special Deputy Receiver proposes to deliver, together with the available information regarding such beneficiaries, to the Treasurer of Virginia pursuant to the provisions of the Virginia Uniform Unclaimed Property Act (Chapter 11.1, Title 55 of the Code of Virginia); and

WHEREAS, the Final Report further states that the remaining assets of the Trust as of December 31, 2000, consist of \$164,107.24 on deposit in the receivership account from which there should be deducted the aforesaid payment to the Treasurer of Virginia on account of the distribution previously ordered, and the costs and expenses of administration due the Special Deputy Receiver through conclusion of the receivership estimated at \$8,000 leaving an asset balance, after deducting such amounts, of approximately \$119,250; and

WHEREAS, the Final Report of the Special Deputy Receiver advises that a distribution of the remaining assets to beneficiaries would require substantial time and additional costs and expenses of approximately \$35,000 and would result in distributions of *de minimis* sums to most beneficiaries; and

WHEREAS, the Bureau of Insurance has advised the Special Deputy Receiver and the Commission that it has incurred costs and expenses for *per diem* costs and travel expenses of its employees who assisted in the administration of the receivership greatly in excess of the aforesaid asset balance, no portion of which costs and expenses has been reimbursed as of the date of this Order; and

WHEREAS, § 38.2-1509 of the Code of Virginia provides that the Commission shall be entitled to recover its costs and expenses incurred in the administration of the receivership of an insolvent insurer as a priority claim against the insurer's assets superior to any other claim;

IT IS ORDERED THAT:

(1) The Final Report of the Special Deputy Receiver dated April 24, 2001 and filed with the Commission on April 24, 2001, be, and it is hereby, accepted and approved;

(2) All actions heretofore taken by the Special Deputy Receiver during the course of the receivership of the Trust be, and they are hereby, approved, adopted and ratified;

(3) The Special Deputy Receiver, after payment of the sum of \$36,862.43 to the Treasurer of Virginia as unclaimed property pursuant to the provisions of Chapter 11.1 of Title 55 of the Code of Virginia due beneficiaries of the Trust who cannot be located and payment of the remaining costs and expenses of administration due the Special Deputy Receiver, be, and he is hereby, authorized and directed to pay over and deliver the remaining assets of the Trust to the Bureau of Insurance as partial reimbursement of its costs and expenses of administration as provided by § 38.3-1509 of the Code of Virginia;

(4) The Special Deputy Receiver be, and he is hereby, authorized and directed to dispose of any remaining unnecessary records of the Order by reducing the records to any appropriate medium or by destroying such records at his discretion;

(5) The Special Deputy Receiver or any other person that from time to time may be designated in writing by the Commissioner of Insurance shall be designated as the individual charged with handing all post-closing matters, including, but not limited to, preserving and keeping all necessary records of the Trust for a period of five (5) years following the date of this Order, after which period they shall be destroyed unless needed for any unresolved receivership matters then pending;

(6) Except as otherwise specifically set forth herein, the Special Deputy Receiver be, and he is hereby, released, discharged and acquitted from any further responsibilities in such capacity and from any and all claims, demands, and causes of action of every kind which may arise from or be related to the administration of this receivership;

(7) This case be, and it is hereby, dismissed; and

(8) The papers herein be placed in the file for ended causes.